

NEWS AND VIEWS

A Publication for Policyholders

April 2003

New Commissioner Appointed

By Dan Bubolz

Governor Jim Doyle has appointed Jorge Gomez as Insurance Commissioner. Gomez was the vice president and general counsel of United Government Services in Milwaukee prior to taking over as Insurance Commissioner on February 17, 2003.

"Jorge is an experienced, knowledgeable and dedicated individual who will be a true asset to my administration and to the Insurance Commissioner's Office," Doyle said. "His background as a prosecutor provides a solid set of skills for independent decision-making and regulatory oversight, and his private sector experience has given him an appreciation of the needs of large and small businesses and the role insurance plays in their success."

On a related note, Commissioner Gomez announced that Randy Blumer will serve as his Deputy Insurance Commissioner. Randy has served as the Deputy on three prior occasions, including most recently and as the Acting Commissioner during the

Thompson Administration. This past year the NAIC honored Randy with the Robert Dineen Award, in recognition of his outstanding achievement as a

Questions & Answers:

By: Dennis Tweedale

During the past year, we received several questions regarding Policy Procedures. The following are several of the common questions the Fund received.

Q- My policy expired, how do I know if my coverage is in effect?

A- The Fund operates differently than commercial carriers. By statute, only your board resolution can remove you from the Fund. Almost 80% of the Fund's policies come due in January and July. Try as we might, the workload during those times is overwhelming and we may not have all the renewals out as timely as usual.

Q- Should we consider higher deductibles?

A- Yes, if you want to lower up-front premiums. Look at your losses for the past five years. Does a \$1,000, \$2,500, or \$5,000 deductible make economic sense?

Q- We would like to exhibit artwork and collections from local citizens in one of our buildings. Is their property covered under our policy with the Fund?

A- Yes and No.

Yes, in that the Valuation Policy ("V" Policy) automatically provides coverage up to \$10,000 for property of others on your premises. Losses are subject to the policy deductible and would be excess over the owner's homeowners policy.

No, if an exhibit in excess of \$10,000 is planned and the exhibitors insist the art be covered by you. Contact the Fund for our information sheet on "Art Exhibit Coverage."

Questions and Answers Continued....

Q- Do we need Business Interruption Coverage?

A- Do you have a revenue-producing operation? If so, to protect the loss of revenues that covered fixed expenses, payroll and profit, you might want to consider Business Interruption Coverage.

Q- What are some examples of "revenue producing" operations?

A- Ice Arenas whether or not operated by the municipality.

- Convention Centers
- Hospital/Clinics
- Nursing Homes
- Power Plants
- Recycling Plants
- Sport Arenas
- Fair Ground Complex

Remember, extra expense gets you up and running as soon as possible after a loss, Business interruption covers the lost revenue stream until your operations are back in place.

The Letter "C"

"C" as in Candy = Great

"C" as in Cat = Okay

"C" as in Co-insurance = Warning

"C" as in the first letter of your policy = Trouble

Why?

Because if you are one of the 120 "C" policy holders in the Fund, that means your policy contains a "co-insurance" requirement. Policies that start with a "V" or "D" do not have a co-insurance requirement.

So what?

Under a "C" policy if the values reported to the Fund are not at 100% replacement cost, a loss payment will be reduced to reflect under reporting of values.

What can be done?

Call the Fund at 877-229-0009 and ask for Kalyn; she will send you a packet of Valuation Forms to complete.

What is involved?

A form is completed for each building; contractors equipment is listed on a schedule and property in the open is scheduled. Return the forms to the fund.

Then what happens?

The state has hired American Appraisal Associates to do a computerized valuation of your property. Their results will be sent to you. If you agree with the values, the Fund will switch you to "V" policy. The "V" policy is the best policy the Fund offers.

Okay, so what is a "D" Policy?

Only insureds that are new to the Fund get a "D" policy. After their first year with the Fund they must switch to a "C" policy or complete the forms to get a "V" policy.

Is there a charge for this service?

No, and after completing the forms once, the Fund will generate your Statement of Values for your renewal each year.

All I have to do is call 800-229-0009?

Right! And remember, if your policy starts with a "V" you don't need to do anything.

Policy Holder Surveys:

Surveys; a report card to measure our performance for the claims and policy services departments. When you receive a survey, please complete and return it to the State Of Wisconsin /OCI Local Government Property Insurance Fund, P.O. Box 7873, Madison, WI 53707-7873, Fax: (608) 264-6220. Your feedback is important to us; it will assist us in improving our process for both policy and claims departments. Soon, surveys will be available at the OCI Fund Webpage.

What is the Survey Criteria?

Claims: with an incurred loss greater than \$50,000 and/or open greater than 6 months.

Policy: at renewal and randomly with other service, i.e., endorsements.

Results of Surveys as of January through August 2002.

Claim Survey; 47 mailed 21 returned (Scale 1-10)

Done On Time	Done Accurately	Completely Satisfied	Professionally Handled	Assigned Appropriate Expertise	Service Fits Needs	Business With Us Easy
9.2	9.4	9.5	9.5	9.4	9.5	9.5

Policy Survey; 601 mailed 307 returned (Scale 1-10)

Done On Time	Done Accurately	Completely Satisfied	Professionally Handled	Assigned Appropriate Expertise	Service Fits Needs	Business With Us Easy
8.3	8.5	8.5	8.5	8.3	8.5	8.5

Comments Received:

"We had absolutely no problems. We are very happy."

"ASU has been fantastic to work with, excellent follow-up..."

"The various papers to check over for renewal are confusing."

"People have always been friendly when I call for assistance."

"Payments are prompt."

"A return-stamped envelope would be appreciated."

"Need renewal information sooner."

"Service was prompt and professional."

"Thanks for asking. No complaints."

"Concerned about costs for 2003. "

"Need additional deductible coverages."

"Update forms used to add assets covered by the LGPIF."

Your comments and requests are important to us. We rely on your feedback to develop and improve our service for both Claims and Policy Services.

Office to Move:

By: Dan Bubolz

OCI has moved about a block to its new office location in the GEF 3 building at 125 S. Webster Street, Madison, WI 53702. The Office of the Commissioner of Insurance's Post Office Box, staff phone numbers, and related e-mail addresses will remain unchanged. **OCI Fund Staff will have a new fax number (608) 264-6220.**

The move occurred on Friday April 25, 2003 and did not affect Fund administration operations, which the ASU Group will continue to perform from its west side Madison office.

If you would like to visit the new building, please contact Dan Bubolz, Fund Insurance Program Officer, to schedule an appointment.

Staff News

By: Tammy Richison

We are pleased to announce the addition of staff to the Administrative Team for the ASU Group: Tammy Richison, District Manager; Sharon Moody, Supervisor, Policy Services Department; and Alysha Childs, Receptionist; along with the promotion of Kalyn Timmons from Policy Service Secretary to Policy Service Customer Service Representative.

Local Government Property Insurance Fund
Premium by Entity & by Line
Direct Incurred Losses developed Prior Three Years (no IBNR is included)

Direct Premium Earned by ENTITY Fiscal year ended June 30,

	2000	2001	2002	TOTAL	
Counties	3,177,478	3,392,803	3,467,095	10,037,376	29%
Schools	2,918,870	3,260,641	4,375,646	10,555,157	31%
Cities	2,524,595	2,708,334	2,953,754	8,186,683	24%
Towns	501,396	516,872	475,978	1,494,246	4%
Villages	732,641	815,760	928,755	2,477,156	7%
Other	567,404	568,571	631,662	1,767,637	5%
Total	10,422,384	11,262,981	12,832,890	34,518,255	

Direct Premium Earned by LINE

Fire	3,257,098	3,616,520	4,549,487	11,423,105	33%
Extended Coverage	2,955,964	3,406,694	4,296,512	10,659,170	31%
Inland Marine	1,711,630	1,657,360	1,497,885	4,866,875	14%
Burglary&Thef	201,915	332,843	241,554	776,312	2%
EC,IM&BT	4,869,509	5,396,897	6,035,951	16,302,357	47%
Subtotal Non-Auto	8,126,607	9,013,417	10,585,438	27,725,462	80%
Automobile PD	2,295,777	2,249,564	2,247,452	6,792,793	20%
Total	10,422,384	11,262,981	12,832,890	34,518,255	

Direct Losses Incurred by ENTITY

Counties	8,688,888	4,496,905	4,456,564	17,642,357	39%
Schools	4,217,790	5,716,924	6,346,099	16,280,813	36%
Cities	2,231,351	2,467,197	3,072,898	7,771,446	17%
Towns	237,849	345,565	272,982	856,396	2%
Villages	497,724	1,027,653	638,681	2,164,058	5%
Other	448,270	129,676	254,999	832,945	2%
Total	16,321,872	14,183,920	15,042,223	45,548,015	

Direct Losses Incurred by LINE

Fire	7,525,941	4,386,451	5,184,725	17,097,117	38%
Extended Coverage	6,916,617	7,837,077	7,851,832	22,605,526	50%
Inland Marine	166,464	90,523	144,790	401,777	1%
Burglary&Thef	12,308	19,410	97,483	129,201	0%
EC,IM&BT	7,095,389	7,947,010	8,094,105	23,136,504	51%
Subtotal Non-Auto	14,621,330	12,333,461	13,278,830	40,233,621	88%
Automobile PD	1,700,542	1,850,459	1,763,393	5,314,394	12%
Total	16,321,872	14,183,920	15,042,223	45,548,015	
Claim Count	2,418	2,904			

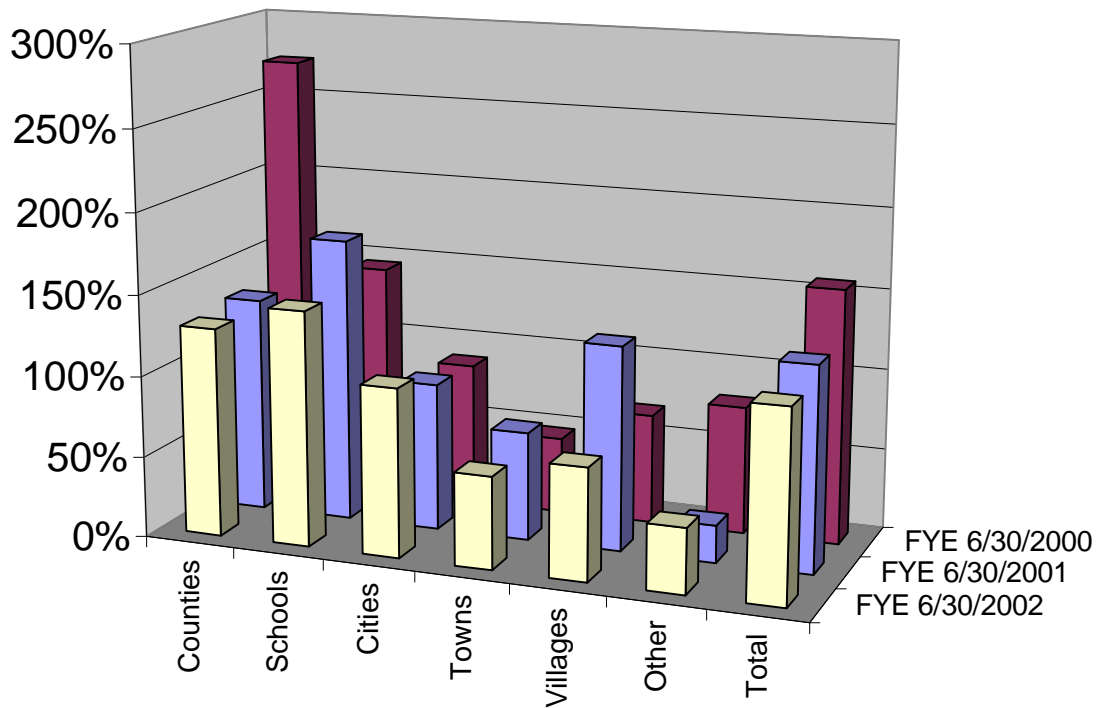
Direct Losses by Entity to Premium by

ENTITY	2000	2001	2002	TOTAL
Counties	273%	133%	129%	176%
Schools	145%	175%	145%	154%
Cities	88%	91%	104%	95%
Towns	47%	67%	57%	57%
Villages	68%	126%	69%	87%
Other	79%	23%	40%	47%
Total	157%	126%	117%	132%

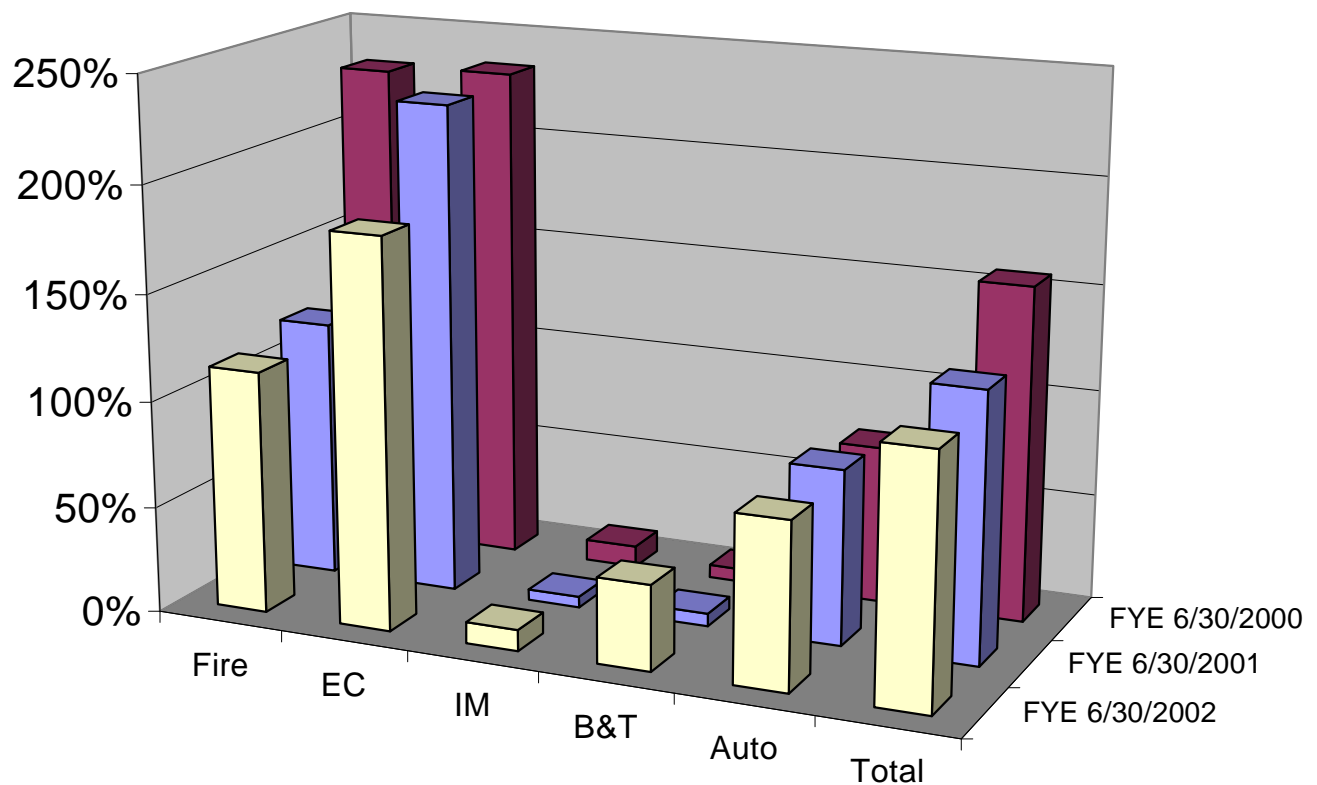
Direct Losses by LINE to Premium by

LINE	2000	2001	2002	TOTAL
Fire	231%	121%	114%	150%
EC	234%	230%	183%	212%
IM	10%	5%	10%	8%
B&T	6%	6%	40%	17%
Auto	74%	82%	78%	78%
Total	157%	126%	117%	132%

Loss Ratios By Entity By Year



Loss Ratios By Line By Year

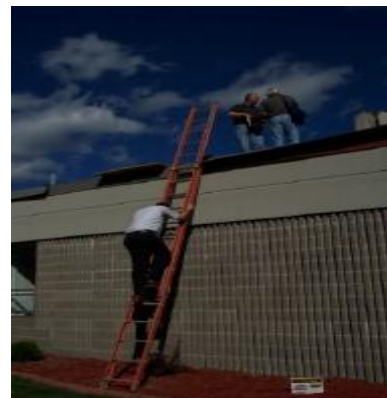


Tornado of 2002

By: Greg Grunow



Overview of damage to Gilman School



Dan Bubolz surveying tornado damage.



LOCAL GOVERNMENT PROPERTY INSURANCE FUND

Update on Tornado Claims of Sept 1-2, 2002

4 claims of significant loss value were reported.

City of Ladysmith: Loss is currently reserved at 1.2 million. The largest portion of this loss is for the water tower that was destroyed. Several other buildings sustained damage, including the City Hall and the Fire Station. Demolition and repairs are ongoing.

Status as of March 25, 2003: Repairs have been completed at most locations. At issue is the relocation of the water tower. This relocation is scheduled for spring of 2003 after a suitable location is established for relocating.

Ladysmith School District: This loss is currently reserved at \$500,000. The High School sustained damage to the roof over the pool and gymnasium. As this involved a roof scheduled to be replaced during spring of 2003, a settlement for the value of the damaged roof is being worked out with insured.

Status as of March 25, 2003: During the course of the 6 months post loss, the roof on the Middle School was found to be in need of replacement. The gym floor had also suffered water damage and will need replacement. The cost of Middle School roof is estimated at \$315,000. Reserves will likely increase when roof repair begins in late spring of 2003.

Rusk County: This loss is currently reserved at \$700,000. Multiple vehicles sustained enough damage to warrant them as total losses. In addition several build-

ings sustained damage, one building had a masonry block wall blown down. Multiple roofs sustained damage requiring either replacement or repairs.

Status as of March 25, 2003: All repairs have proceeded smoothly. Approximately 15 vehicles were totaled in this loss and all have been settled.

Gilman School District: This loss is currently reserved at 2.4 million. This is the most substantial loss reported. The gymnasium was destroyed. The roof was lifted off other areas of the building which resulted in structural damages. The gymnasium was located in the center of the building and cannot be rebuilt to code in the same location. Gilman School District also carries a Co-Insurance policy, which does not cover the code upgrades for the new gymnasium. Preliminary contractor estimates, not including the addition of the new gymnasium, are 6.2 million. We are working to review and adjust this cost. FEMA has agreed to provide coverage for the code upgrades.

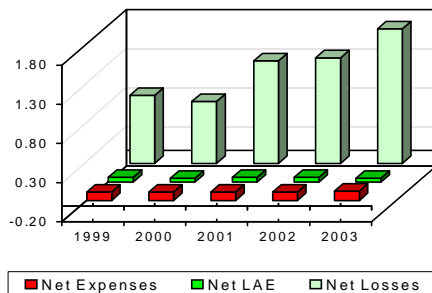
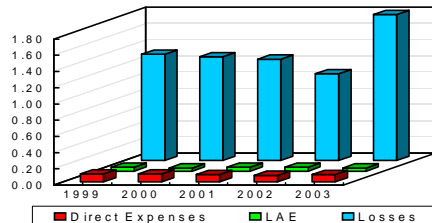
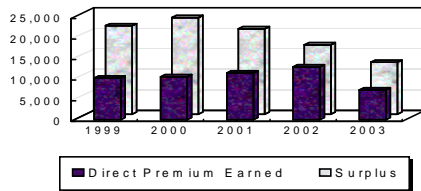
Status as of March 25, 2003: Repairs have been ongoing since date of loss. At this time, roof repair is pending completion in June of 2003, and the newly constructed gymnasium will be constructed over the spring and summer of 2003.

In addition to these large losses, 15 other claims have been reported due to this storm system. Damages range from several hundred to several thousands of dollars. None of these claims appear to have the potential of reaching \$100,000 in damages.

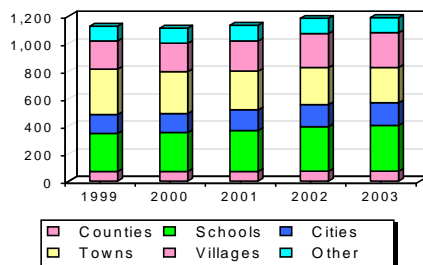


Gilman School Gymnasium

LOCAL GOVERNMENT PROPERTY INSURANCE FUND
STATUTORY BASIS FINANCIAL SUMMARY - 2nd Quarter of Fiscal Year Ending June 30, 2003
 (numbers in 000's except ratios)



Policy Counts



	Fiscal Years Ended June 30,				YTD
	1999	2000	2001	2002	2003
Ending Policyholder Surplus	21,556	23,501	20,819	16,947	12,680
Direct experience					
Direct premium earned	10,121	10,422	11,355	12,832	7,239
Direct losses incurred	13,308	13,289	14,198	13,760	13,010
Direct lae	545	449	583	620	254
Direct underwriting expense	1,016	1,043	1,025	1,078	635
Operating Statement					
Net premium earned	9,098	9,367	9,005	10,018	5,410
Net losses incurred	7,885	7,433	11,793	13,539	9,321
Net loss adjusting expense	508	440	583	620	255
Underwriting expense	1,016	1,043	1,025	1,079	636
Total losses & expenses	9,409	8,916	13,401	15,238	10,212
Underwriting gain(loss)	(311)	451	(4,396)	(5,220)	(4,802)
Investment & other income	1,322	1,494	1,714	1,348	535
Net income before dividend	1,011	1,945	(2,682)	(3,872)	(4,267)
Dividends to policyholders	0	0	0	0	0
Net income	1,011	1,945	(2,682)	(3,872)	(4,267)

Ratios

	1999	2000	2001	2002	YTD 2003
Direct cost per dollar					
Losses	1.31	1.28	1.25	1.07	1.80
Loss adjusting expense	0.05	0.04	0.05	0.05	0.04
Underwriting expense	0.10	0.10	0.09	0.08	0.09
Total direct costs	1.46	1.42	1.39	1.20	1.93
Net cost per dollar					
Losses	0.87	0.79	1.31	1.35	1.72
Loss adjusting expense	0.06	0.05	0.06	0.06	0.05
Underwriting expense	0.11	0.11	0.11	0.11	0.12
Total net costs	1.04	0.95	1.48	1.52	1.89

Policy Statistics

Insurance Inforce (billions)	22.5	25.1	27.6	29.7	30.5
Annual Premium (millions)	10.1	10.7	11.6	13.3	15.0

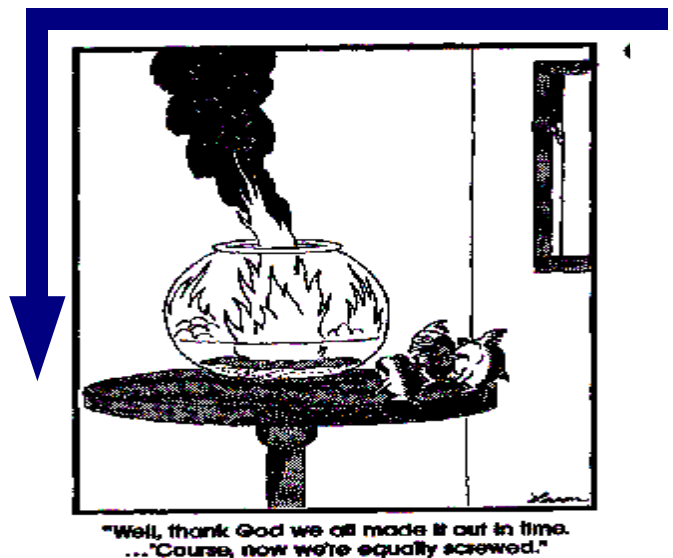
Policy count

Counties	70	71	71	72	72
Schools	277	282	296	323	334
Cities	137	138	151	162	163
Towns	329	305	281	268	257
Villages	206	205	221	247	253
Other	108	112	113	111	111
Total	1,127	1,113	1,133	1,183	1,190

Comments from the Fund Insurance Program Officer:

By: Dan Bubolz

The charts exhibited reflect how insurance inforce (the property insured by the Fund) has grown steadily to \$30.5 million and also how Fund surplus (its total assets minus total liabilities) has declined almost 50% from \$23.5 million in June of 2000 to \$12.6 million as of December 31, 2002. The decline in surplus relates primarily to substantial increases in reinsurance premiums and higher Fund self-insured retention amounts. In response, the Fund implemented significant rate increases effective January 1, 2003 based on actuarial projections. The fiscal impact of these increases will take 24 months, however, before fully appearing in Fund financial statements. That is because it takes 12 months to renew all policies at the new rates and another 12 months to fully earn that premium.



LOCAL GOVERNMENT PROPERTY INSURANCE FUND

LGPI F

c/o The ASU Group

7633 Ganser Way, Suite 206

Madison, WI 53719

THE
MAILING
ADDRESS
GOES
HERE

OCI Fund Webpage:

If you haven't logged in recently to the Fund's WebPages, check it out at <http://oci.wi.gov/lgpif.htm>. This webpage contains general information about the Fund, its financial reports which are updated quarterly, minutes from the Fund Advisory and Oversight Committees, an electronic copy of the Fund's valuation policy, and an electronic copy of its loss-reporting form. If you have comments or suggestions about how this webpage could be improved, please send those to Dan Bubolz, Insurance Program Officer, P.O. Box 7873, Madison WI 53707 or email him at dan.bubolz@oci.state.wi.us.

DID YOU KNOW....?

Some Interesting Statistics About The LGPI F

Number of Policy Holders as of Jan. 20031190
Total of Insured Values as of Jan. 2003.....\$30,495,482,248
Largest Loss of 2002
Gilman School District Tornado Damage\$2,900,000.00



Are you covered?